

Fiscal Note

Fiscal Services Division



HF 2360 – School Transportation Cost Supplement (LSB 2078HV)
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Fiscal Note Version – New

Description

House File 2360 creates a Transportation Cost Supplement Program. Under the proposal, districts will be allowed to implement the Program if these two provisions are met:

- The School Budget Review Committee determines that the district's average transportation cost per pupil exceeds the statewide average.
- Voters within the school district approve of participation in the Program. Program participation may be up to 10 years.

The Program may be funded with local property tax or a combination of local property tax and local income surtax. Additionally, although voter-approved, program participation may be intermittent during the voter-approved period if the district's average transportation cost per pupil does not exceed the statewide average for a specific year.

Background

Under current law, school transportation costs are funded with school general fund dollars. Additionally, fees generated from education license plates (referred to as transportation assistance aid) are divided between school districts that have average transportation costs that exceed the statewide average by 150.0%, as determined by the School Budget Review Committee (SBRC). In general, the total shared between the eligible districts is less than \$20,000 total (the SBRC provided 16 districts with transportation assistance aid that ranged between from \$26 to \$3,365 in December 2013).

The following **Table** provides information pertaining to school transportation costs from FY 2002 through FY 2013, including the average statewide transportation cost per pupil, the number of districts above the statewide average, and the estimated impact that this Bill would have had in the past years. Based on the FY 2013 data, there were 244 districts (70.1%) that were above the statewide average transportation cost and the maximum funding this proposal will allow is estimated at \$26.5 million (an average of \$108,648 per eligible district).

	State Average Per Pupil Amount	Number of Districts Above the State Average	Percentage of Districts Above the State Average	Proposal - Total Cost Above Per Pupil Average	Proposal - Average Total Cost Per Eligible District Per Pupil Average
FY 2002	\$ 177.91	255	68.7%	\$ 17,175,561	\$ 67,355
FY 2003	183.82	252	67.9%	17,367,099	68,917
FY 2004	192.31	254	68.6%	17,859,604	70,313
FY 2005	205.25	257	70.0%	18,751,125	72,962
FY 2006	220.72	237	64.9%	16,273,822	68,666
FY 2007	227.77	262	71.8%	21,672,181	82,718
FY 2008	251.33	256	70.3%	24,362,596	95,166
FY 2009	254.47	256	70.7%	23,306,690	91,042
FY 2010	257.46	256	70.9%	23,128,185	90,344
FY 2011	289.35	248	69.1%	24,149,154	97,376
FY 2012	298.89	238	67.8%	24,605,473	103,384
FY 2013	306.18	244	70.1%	26,510,080	108,648

Assumptions

Assumptions include:

- Between FY 2013 and FY 2002, the average annual growth rate in the State average per pupil transportation cost has been about 5.0%. This rate is assumed to continue.
- The percentage of districts eligible to participate in the Program is based on average transportation costs that exceed the statewide average and will range between 65.0% and 72.0%.
- The number of districts that receive voter approval to implement the Program is unknown, but is anticipated to be less than the number of districts that will be eligible due to the per pupil cost requirement.
- Eligible school districts will be able to use property tax or a combination of property tax and income surtax to fund the Program. However, the specific combination is unknown and will depend on voter approval and the district's current income surtax rate (total income surtax rate cannot exceed 20.0%).
- The impact of the license plate fees allocated to eligible school districts is assumed to not increase in future fiscal years and will have a minimal impact on reducing the local funding for this provision.

Fiscal Impact

There is no State General Fund impact due to this Bill. There may be a local tax (property tax and income surtax) impact beginning in FY 2016 that is estimated to be less than \$27.5 million statewide. However, any local property tax increase will require Program participation and voter approval.

Sources

Iowa Department of Education, Transportation files
Iowa Department of Management, School Aid file
LSA analysis and calculations

/s/ Holly M. Lyons

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The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
